

Unaffected by Ukraine Crisis, Steelmaker Evraz Reports First Half Profit

By [The Moscow Times](#)

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Russia's Evraz warned in April that the Ukraine crisis could hit its business, but said on Wednesday neither its operations nor its assets there had been affected by the unrest to date.

Russia's largest steelmaker, Evraz, returned to net profit in the first half of 2014 and said its assets in Ukraine remained unaffected by unrest in the country for now.

The company, partly controlled by Chelsea Football Club owner Roman Abramovich, swung to a first-half net profit of \$1 million after a loss of \$146 million in the same period last year, it said on Wednesday.

"This is mainly the result of an improvement in business performance," Evraz CFO Giacomo Baizini said in a statement.

Baizini said asset optimization and cost efficiency measures contributed \$193 million during the period, excluding the impact of foreign exchange. Revenue fell 7 percent to \$6.8 billion.

In the face of a weak global steel market, Evraz sold a plant in the Czech Republic and a part of a South African asset in the first half of 2014.

The company's net profit missed the average forecast of \$98 million in a Reuters poll of analysts. There was a wide range of estimates due to differences in the expected valuations of foreign exchange fluctuations and one-off items.

George Buzhenitsa, an analyst at Deutsche Bank, said Evraz posted a foreign exchange loss of \$180 million and an asset impairment charge of \$147 million in the first half.

Evraz shares fell 2 percent by 8:38 a.m. GMT.

However, the company's earnings before interest, taxes, depreciation and amortization, or EBITDA, rose 17 percent to \$1.1 billion, beating a \$1 billion forecast.

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"With key assets located in Russia and the Ukraine, Evraz is not immune to geopolitical risks," it said.

"We are watching the developments in the region closely and are consulting legal and other advisers ... to analyze the risks and prepare, to the extent feasible, contingency plans."

Evraz generates about 6 percent of consolidated revenue from its Ukrainian business and the sale of coking coal to third party Ukrainian customers, the company said.

Ukrainian forces have been fighting pro-Russian separatists in the east of the country for months.

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